

**BEFORE THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA**

In the Matter of the Joint Application of	:	
	:	
Comtel Telecom Assets LP and	:	Docket No. _____
Matrix Telecom, Inc.	:	
	:	
for Approval of the Transfer of Assets and	:	
Customers from Comtel Telecom Assets LP	:	
to Matrix Telecom, Inc.	:	

**JOINT APPLICATION FOR APPROVAL OF
THE TRANSFER OF ASSETS AND CUSTOMER BASE**

Comtel Telecom Assets LP (“Comtel”) and Matrix Telecom, Inc. (“Matrix” and together with Comtel, the “Applicants”), pursuant to S.C. Code Ann. § 58-9-310, and the rules of the Public Service Commission of South Carolina (“Commission”), respectfully request approval, to the extent required, for Comtel to transfer substantially all of its assets and customers to Matrix (the “Transfer”). The Applicants also request, pursuant to R. 103-601(3) of the Commission’s rules, that the Commission waive certain Commission rules, as outlined herein. As a result of the Transfer, Comtel’s current customers and the assets to support the provision of services to those customers will be transferred to Matrix, which will become the service provider for those customers. As described below, because the rates, terms or conditions of the services being received by customers will not change as a result of the assignment, the proposed Transfer will be virtually transparent to customers of Comtel in terms of the services that those customers receive. Since Matrix already holds a certificate of public convenience and necessity (“Certificate”), the Certificate of Comtel is not being transferred to Matrix and, therefore, Comtel requests that its Certificate and tariffs be cancelled upon notification by Petitioners that the Transfer was completed.

In support of this filing, Applicants provide the following information:

I. DESCRIPTION OF THE PETITIONERS

A. Comtel Telecom Assets LP

Comtel is a limited partnership organized under the laws of the State of Texas. The principal office for Comtel is located at 433 Las Colinas Blvd. E., Suite 1300, Irving, Texas 75039. Comtel is majority owned by Comtel Assets Corp., which in turn is wholly owned by Denham Commodity Partners Fund III LP, a private equity fund.

Comtel completed the acquisition of substantially all of the assets of VarTec Telecom, Inc. and certain of its subsidiaries in June 2006 and continues to operate those assets. Comtel provides intrastate, interstate and international long distance services throughout the continental United States and local exchange services in the District of Columbia and all states except Alaska, Connecticut, Hawaii and Rhode Island. Comtel is authorized to provide interexchange telecommunications services in every state and local exchange and exchange access telecommunications services in the District of Columbia and every state except Alaska, Hawaii, and Virginia (in Virginia, Comtel's affiliate, Comtel Virginia LLC is authorized to provide telecommunications services). In South Carolina, Comtel is authorized to provide resold and facilities-based local exchange and interexchange telecommunications services pursuant to a Certificate granted by Order No. 2006-107 issued in Docket No. 2005-342-C on February 15, 2006. Comtel is also authorized by the FCC to provide interstate and international telecommunications services.

B. Matrix Telecom, Inc.

Matrix is a Texas corporation with principal offices located at 7171 Forest Lane, Suite 700, Dallas, Texas 75230. Established in 1991, Matrix is a competitive provider of integrated communications services including local, 1+ long distance and toll-free voice services plus a

wide range of data services, such as dedicated Internet access, frame relay and point-to-point transmission services, chiefly to enterprise customers. Matrix is authorized to provide telecommunications service in all 50 states and the District of Columbia. In South Carolina, Matrix is authorized to provide resold interexchange services pursuant to an order issued on December 19, 1990 in Docket No. 90-517-C, local exchange services pursuant to an order issued on August 25, 2005 in Docket No. 2005-98-C, and to provide facilities-based local exchange and exchange access services pursuant to an order issued on April 5, 2007 in Docket No. 2005-98-C. Matrix is also authorized by the FCC to provide interstate and international long distance services.

II. CONTACTS

Questions or any correspondence, orders, or other materials pertaining to this filing should be directed to the following.

John Pringle
Ellis, Lawhorne & Sims, P.A.
1501 Main Street, 5th Floor
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and:

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sklopach@matrixbt.com

and:

Jonathan Dennis
Senior Vice President, General
Counsel and Secretary
Comtel Assets Inc., the G.P. of
Comtel Telcom Assets LP
d/b/a Excel Telecommunications
433 E. Las Colinas Boulevard
Suite 1300
Irving, Texas 75039
Fax: 866-418-9749
jdennis@excel.com

III. DESCRIPTION OF TRANSFER OF ASSETS AND CUSTOMERS

Pursuant to an Asset Purchase Agreement (“Agreement”) dated as of March 13, 2010, between Matrix and Comtel, Applicants propose to complete a transaction (“Transaction”) through which Matrix will acquire certain assets of Comtel, including Comtel’s customer bases and substantially all of the assets used in Comtel’s provision of telecommunications services. As a result of the proposed Transaction, Matrix will replace Comtel as the service provider in South Carolina. Subject to receipt of the required regulatory approvals, the Transaction is expected to close in the second quarter of this year (the “Closing Date”).

Applicants emphasize that although the proposed Transaction will involve a transfer of customers, immediately following the proposed Transaction, all of those customers will continue to receive service from Matrix under the same rates, terms and conditions as the services currently provided. As a result, the proposed Transaction will be almost seamless and virtually transparent to customers served by Comtel in terms of the services that they currently receive. All of the affected customers will receive notice in compliance with the rules of this Commission and Federal Communications Commission. A sample of the notice that will be sent to customers is provided as Exhibit A. Moreover, because Matrix is acquiring substantially all of the assets of

Comtel necessary to provide service to the transferred customers, Matrix will have all of the assets required to continue to provide high-quality services to the customers it acquires.

Matrix is well-qualified to provide service to Comtel's customers. Matrix currently provides local and long distances telecommunications services in all states except Alaska, and in the District of Columbia.¹ Matrix's operations will be overseen by a well-qualified management team with substantial telecommunications experience and technical expertise.

IV. PUBLIC INTEREST CONSIDERATIONS

The proposed Transaction described above will serve the public interest by ensuring that the assigned customers enjoy continuity of high-quality telecommunications service. In particular, the assignment of Comtel's customers, together with the transfer of other assets required to serve those customers, will ensure that the customers continue to receive uninterrupted interstate and international services. The customers will be served by carriers with significant technical, managerial and financial resources.

Given the increasingly complex and competitive nature of the telecommunications and capital markets and for other business reasons, Petitioners seek to complete the proposed Transaction as soon as possible. Accordingly, Petitioners respectfully request that the Commission process, consider, and approve this Application as expeditiously as possible.

V. REQUEST FOR EXPEDITED REVIEW

Applicants are seeking to complete the proposed Transaction as expeditiously as possible in order to minimize customer confusion and realize the benefits of the proposed Transaction. Accordingly, Applicants respectfully request that the Commission expedite the processing of this Application and grant the requested authority as soon as possible to permit Applicants to consummate the Transaction in the second quarter, 2010.

¹ In Virginia, intrastate telecommunications services are provided by Matrix's subsidiary, Matrix Telecom of Virginia, Inc.

VI. REQUEST FOR WAIVER OF ANTI-SLAMMING RULES

As noted above, written notice of the Transaction and of the customer base transfer will be provided to Comtel's South Carolina customers via First Class mail at least 30 days prior to the anticipated closing date pursuant to Section 64.1120(e) of the FCC's rules.² A sample of the customer notification is attached hereto as Exhibit A. Applicants respectfully request, to the extent necessary, that the Commission grant a waiver of any applicable anti-slamming regulations or Commission orders that may otherwise be inconsistent with the FCC's rules regarding the transfer of customer bases provided in Section 64.1120(e).

VII. REQUEST TO CANCEL COMTEL'S CERTIFICATION AND ASSOCIATED TARIFFS

As noted above, following the Transaction, Matrix will hold the Comtel assets and assume Comtel's telecommunications operations in South Carolina. Therefore, Comtel requests that, upon notification that the Transaction has been completed, the Commission cancel Comtel's Certificate to provide telecommunications services, and associated tariffs.

² 47 C.F.R. § 64.1120(e).

VIII. CONCLUSION

WHEREFORE, Applicants respectfully request that the Commission expeditiously approve the transfer of assets and customers of Comtel to Matrix and grant a waiver of any applicable anti-slamming regulations and whatever further relief that the Commission deems appropriate to authorize the consummation of the Transaction described herein. In addition, Comtel requests that the Commission cancel its Certificate upon notification by the Applicants that the transfer is completed.

Respectfully submitted,

s/John J. Pringle, Jr.
John Pringle, Jr.
Ellis, Lawhorne & Sims, P.A.
1501 Main Street, 5th Floor
Columbia, SC 29201
Tel: (803) 343-1270
Fax: (803) 799-8479
Email: jpringle@ellislawhorne.com

Dated: April 8, 2010

EXHIBIT A

Sample Customer Notice

IMPORTANT INFORMATION ABOUT YOUR SERVICE

Dear Excel Telecommunications, VarTec Telecom or Clear Choice Communications Customer,

Excel Telecommunications, VarTec Telecom and Clear Choice Communications (the "Companies") and Matrix Telecom, Inc. ("Matrix") are pleased to advise you that Matrix will acquire certain assets and customers of Companies' telecommunications business in your area. Following completion of the transaction, the service you currently receive from Excel Telecommunications, VarTec Telecom or Clear Choice Communications will continue under their brand names, which were acquired by Matrix. Matrix prides itself on its ability to build long-term relationships with its customers and looks forward to serving you.

Subject to approval by the Federal Communications Commission and state regulators, the transaction is expected to be completed **on or after [DATE]**, at which time Matrix will assume ownership of the Excel Telecommunications, VarTec Telecom and Clear Choice Communications brands and will become your service provider as described above. **Please note that you are not required to do anything to continue receiving the high-quality service you have come to expect at the same competitive rates you currently pay, and your telephone number will not change as a result of the transfer.** In addition, Matrix will pay any carrier change charges associated with the transfer of your account to Matrix. If you have arranged a preferred carrier freeze through your local carrier with respect to any services involved in this transfer, this freeze will be removed in order to transition the services to Matrix; following the transfer, you must contact your local carrier or, if Excel Telecommunications or VarTec Telecom is your local carrier, Matrix to reinstate the freeze. Notice of any future changes in rates, terms and conditions of service will be provided to you by mail or in your bill, or as otherwise provided in your service contract, if you have one.

Matrix is dedicated to earning and keeping your business. We are confident that this transaction will strengthen the quality of services that you receive from the Companies today. We recognize that you have the right to change providers at any time provided another service provider is available, and subject to the terms of your service contract, if you have one. We hope, however, that you choose to remain a customer with Matrix doing business as Excel Telecommunications, VarTec Telecom and Clear Choice Communications, and thereby continue to enjoy under Matrix the same high-quality communications services you currently receive from the Companies. If you do want to select another provider, you should contact that provider directly. Assuming you do not transfer your service to a different provider by **[DATE]**, Matrix will become your service provider on or after **[DATE]**.

Prior to and after the actual transfer date, Excel Telecommunications, VarTec Telecom or Clear Choice Communications will continue to be responsible for all customer service inquiries, complaints, billing issues and service questions, and you should contact the Companies' customer services representatives at the following numbers:

Excel Local: 1-877-668-0808

VarTec Local: 1-800-708-7395

Excel Long Distance: 1-800-875-9235

VarTec Long Distance: 1-800-583-6767

Clear Choice Support: 1-800-668-4872

Please continue to use these customer service contacts following the transfer.

Excel Telecommunications, VarTec Telecom and Clear Choice Communications thank you for your business and Matrix looks forward to providing you with superior products and services for many years to come.

Sincerely,

Excel Telecommunications
VarTec Telecom
Clear Choice Communications
Matrix Telecom, Inc.

VERIFICATION

STATE OF TEXAS

:

: ss.

COUNTY OF DALLAS

:

I, Scott M. Klopach, state that I am General Counsel of Matrix Telecom, Inc. ("Matrix"), a party to the foregoing filing; that I am authorized to make this Verification on behalf of Matrix; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document with respect to Matrix are true and correct to the best of my knowledge, information, and belief.



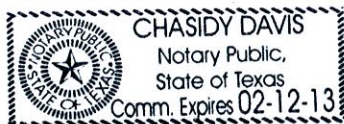
Scott M. Klopach
General Counsel
Matrix Telecom, Inc.

Sworn and subscribed before me this 22 day of March, 2010.



Notary Public

My commission expires:



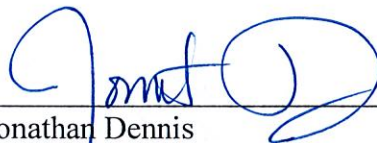
VERIFICATION

STATE OF TEXAS :

: SS.

COUNTY OF DALLAS :

I, Jonathan Dennis, state that I am Senior Vice President, General Counsel, and Secretary of Comtel Assets Inc., sole general partner of Comtel Telcom Assets LP ("Comtel"), a party to the foregoing filing; that I am authorized to make this Verification on behalf of Comtel; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document with respect to Comtel are true and correct to the best of my knowledge, information, and belief.



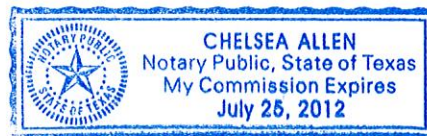
Jonathan Dennis
Senior Vice President, General Counsel, and
Secretary
Comtel Assets Inc., General Partner of
Comtel Telcom Assets LP

Sworn and subscribed before me this 18 day of March, 2010.



Notary Public

My commission expires: 7/25/2012



PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING

DOCKET NO. 2010-____-C

Comtel Telcom Assets, LP (“Comtel”) and Matrix Telecom, Inc. (“Matrix”) (collectively, “Applicants”), pursuant to S.C. Code Section 58-9-310 and the rules of the Public Service Commission of South Carolina (“Commission”), have filed a Joint Application seeking approval from the Commission for the transfer of certain assets of Comtel to Matrix (the “Transaction”). Pursuant to an Asset Purchase Agreement entered into as of March 13, 2010, between Comtel and Matrix (the “Agreement”), Matrix will acquire the assets and customer accounts (including Comtel’s customer bases and substantially all of the assets used in Comtel’s provision of telecommunications services) of Comtel in the State of South Carolina. Following completion of the migration of customers to Matrix, all of the affected customers will continue to receive service from Matrix under the same rates, terms and conditions as currently provided by Comtel. In addition, Applicants have requested, to the extent necessary, that the Commission grant a waiver of any applicable anti-slamming regulations that may be inconsistent with the FCC’s rules regarding the transfer of customer bases provided in 47 C.F.R. § 64.1120(e). Further, the Applicants have requested that the Commission, upon notification that the Transaction has been completed, cancel Comtel’s Certificate of Public Convenience and Necessity.

A copy of the Application is on file in the offices of the Commission, 101 Executive Center Drive, Columbia, South Carolina 29210, the Commission’s website at www.psc.sc.gov, and is available from John J. Pringle, Jr., Esquire, Ellis, Lawhorne & Sims, P.A., P.O. Box 2285, Columbia, South Carolina, 29202.

A public hearing, if scheduled, will be held in Columbia, South Carolina in the offices of the Commission at the above address, for the purpose of receiving testimony and other evidence from all interested parties regarding this Application. The time and date of this hearing will be furnished to all interested parties at a later date.

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination, should file a Petition to Intervene in accordance with the Commission’s Rules of Practice and Procedure on or before _____, **2010**, and indicate the amount of time required for his presentation. Please include an email address for receipt of future Commission correspondence in the Petition to Intervene. ***Please refer to Docket No. 2010-____-C.***

Any person who wishes to testify and present evidence at the hearing, should notify the Docketing Department, in writing, at the address below, the Office of Regulatory Staff at Post Office Box 11263, Columbia, South Carolina 29211, and John J. Pringle, Jr., Esquire, at the above address, on or before _____, **2010**, and indicate the amount of time required for his presentation. ***Please refer to Docket No. 2010-____-C.***

Any person who wishes to be notified of any change in the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department, in writing, at the address below on or before _____, **2010**. ***Please refer to Docket No. 2010-____-C.***

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission’s Procedures should contact the Commission at (803) 896-5100.

Public Service Commission of South Carolina
Attn: Clerk’s Office
Post Office Drawer 11649
Columbia, South Carolina 29211

April-____-10